



Payments Systems Survey 2009

Executive Summary





Ketan Patel



Matthijs Delen

About the Authors

The authors of the Payments Systems Survey 2009 are Ketan Patel and Matthijs Delen. They are leading consultants within Capgemini's Payments practice in the United Kingdom and the Netherlands.

Ketan Patel is a Managing Consultant specializing in PSD and SEPA compliance and payments packages.

Matthijs Delen is a Senior Consultant specializing in PSD, E-invoicing, payment packages, and channels in general.

Both are thought leaders in selecting and implementing package-based solutions for financial institutions.

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About the Survey

We are delighted to present the results of the Capgemini Payments Systems Survey 2009. The main objective of this survey is to help banks and other financial organizations understand the various kind of payments systems that are available on the market. It provides an insight into business trends, package selection criteria, implementation methods and information regarding participating vendors' solutions.

The survey should help in narrowing down the search for an appropriate payments solution and make it easy to connect with vendors on a well-informed basis. In the context of this survey, payments systems refer to a selection of technologies and software that enables a bank to develop a complete payments architecture.

Capgemini has conducted a comprehensive study of current trends in payments and the functionality of some of the major payments systems available in the world's main financial markets.

The Payments Systems Survey 2009 is the latest in a series of banking systems surveys. It follows the success of Capgemini's earlier surveys:

- Banking Systems Survey 2008
- Treasury Systems Survey 2007
- Asset Management Systems Survey 2007

About Capgemini in Payments

Payments constitute important transactions for customers as well as important revenue streams for banks. Four major trends are driving and accelerating the rate of change in today's payments landscape:

- Shifting customer preferences and market conditions for payments processing
- The impacts of the Single Euro Payments Area (SEPA) and Payment Services Directive (PSD) are beginning to take hold
- The adoption rate for technology and innovation is increasing
- "Disintermediation" by non-bank competitors is also emerging

In the area of payments system selection and implementation, Capgemini can provide incomparable benefits. These include:

- A broad spectrum of services and experience of every phase of the system selection process;
- Outstanding knowledge of the payments packages available in the market;
- An exceptional track record based on the successful implementation of many different types of package solutions;
- Different application maintenance contracts on vendor solutions;
- Leading-edge capabilities closely attuned to current and future industry changes;
- Strategic and comprehensive services tailored to the individual need of each client;
- Global services and resources, combined with strong regional teams with excellent local delivery capabilities.

Capgemini's Payments Systems Survey 2009, coupled with our payments knowledge and expertise, will help today's banks develop a robust strategy for payments processing and solutions in a rapidly-changing payments landscape.

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Executive Summary

The speed in which the payments market has restructured since our last Payments Systems Survey in 2004, and the subsequent pressure on costs, time to market and ability to deliver payment services differently, have increased banks investments and extended the software market. It was time for an update of our survey.

The market for payments systems is changing beyond recognition. For example discussions around SEPA 'end-date' will mean banks need to align themselves in a timebound manner if they are to be able to compete under this new regime. Existing payments systems, many of them decades old, will not necessarily cope unless updated. At the same time, several new packages are emerging, while the integration and maintenance costs of legacy systems have soared.

The task, therefore, is to renew or upgrade payments capabilities with minimal interruption to business as usual and maximum long-term ROI.

Within this context the 2009 survey findings, along with Capgemini's own experience in the field of payments systems and our partnerships with best-of-breed package vendors, suggest that there are a number of considerations to make when selecting a payments system. These include functionality, architecture and integration possibilities, non-functional requirements, vendor stability and implementation capabilities.

We can see from the survey responses that more and more vendors are providing core payments functionality while also specializing in just one or two of the main functional topics (Payments Processing, Data Processing & Handling, Settlements & Reconciliations, Reporting, Messaging, Investigations, Fraud Detection & Anti Money Laundering, Mandate Management & Direct Debits). Other vendors are providing a niche product specializing in just one of these areas. The data used is based upon vendor responses to our questionnaire and therefore further due diligence will need to be undertaken to verify their responses.

Interestingly, due to changes in the market and evolving technologies, banks now have more choice than ever before. Most of the vendor solutions can be integrated with the most common hardware infrastructures

available in the payments software marketplace today and package suppliers are moving away from dependencies on hardware platforms and operating systems.

In terms of the technology, Service Oriented Architecture and Software as a Service (multi-tenant) are the leading concepts for future payment systems architecture, while Process-on-the Fly, as identified by Capgemini's TechnoVision approach, is a crucial technology cluster.

For the successful implementation of package-based solutions, Capgemini's Integrated Architecture Framework (IAF) addresses all the aspects required to integrate business and information technology change. An open architecture ultimately facilitates customer satisfaction and mass-production of payments services.

Central to implementation success is a need for collaboration between the payments processes and a bank's other IT services, such as integration, development, testing etc, as well as for mutual understanding between the payments system (service provider) and other legacy systems. It is possible to minimise the risk of systems selection and implementation and Capgemini has developed a leading methodology that, when implemented, can make an enormous difference in terms of a bank's market offerings, process efficiency and implementation speed and costs.



About Capgemini and the Collaborative Business Experience

Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, enables its clients to transform and perform through technologies.

Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working, the Collaborative Business Experience. The Group relies on its global delivery model called Rightshore[®], which aims

to get the right balance of the best talent from multiple locations, working as one team to create and deliver the optimum solution for clients.

Present in more than 30 countries, Capgemini reported 2008 global revenues of EUR 8.7 billion and employs over 92,000 people worldwide.

More information about our services, offices and research is available at www.capgemini.com.

For more information, please contact:

Ketan Patel
Capgemini Financial Services, UK & Ireland
Tel. +44 (0)789 115 1672
ketan.a.patel@capgemini.co.uk

Matthijs Delen
Capgemini Financial Services, Netherlands
Tel. +31 30 6890000
matthijs.delen@capgemini.com

www.capgemini.com/payments
payments@capgemini.com